OK2 MINERALS LTD.
(formerly Gold Jubilee Capital Corp.)

(An Exploration Stage Company)

FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

NOVEMBER 30, 2016

p |604.683.3277
f |604.684.8464

SUITE 1735, TWO BENTALL CENTRE
555 BURRARD STREET
BOX 243
VANCOUVER, BC V7X 1M9

charlton

charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of:
OK2 Minerals Ltd. (formerly Gold Jubilee Capital Corp.)

We have audited the accompanying financial statements of OK2 Minerals Ltd. (formerly Gold Jubilee Capital Corp.), which comprise the statements of financial position as at November 30, 2016 and 2015 and December 1, 2014, the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended November 30, 2016 and 2015 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of OK2 Minerals Ltd. (formerly Gold Jubilee Capital Corp.) as at November 30, 2016 and 2015 and December 1, 2014 and the results of its operations and cash flows for the years ended November 30, 2016 and 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Charlton & Company"

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
March 28, 2017

OK2 MINERALS LTD. (formerly Gold Jubilee Capital Corp.)
(An Exploration Stage Company)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	November 30, 2016	November 30, 2015 (Restated – Note 4)	December 1, 2014 (Restated – Note 4)
ASSETS			
Current assets			
Cash	$ 633,834	$ 25,309	$ 70,186
Receivables (Note 5)	196,268	16,126	47,523
Prepaid expenses, deposits and advances (Note 6)	55,962	8,906	23,631
Total current assets	886,064	50,341	141,340
Non-current assets			
Loan receivable (Note 7)	-	26,914	-
Reclamation bond (Note 8)	17,500	13,000	3,500
Total non-current assets	17,500	39,914	3,500
Total assets	$ 903,564	$ 90,255	$ 144,840
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities (Note 9)	$ 177,512	$ 323,779	$ 33,966
Flow-through share liability (Note 15)	47,535	-	-
Total liabilities	225,047	323,779	33,966
SHAREHOLDERS' EQUITY			
Share capital (Note 10)	5,452,019	2,360,667	1,762,876
Reserves (Note 10)	636,898	161,731	93,221
Deficit	(5,410,400)	(2,755,922)	(1,745,223)
Total shareholders' equity (deficiency)	678,517	(233,524)	110,874
Total liabilities and shareholders' equity	$ 903,564	$ 90,255	$ 144,840

Nature and continuance of operations (Note 1)
Commitment (Note 15)
Subsequent event (Note 18)

Approved by the Board of Directors and authorized for issue on March 28, 2017:

"Minaz Devji" Director — Minaz Devji

"James A. Currie" Director — James A. Currie

The accompanying notes are an integral part of these financial statements.

OK2 MINERALS LTD. (formerly Gold Jubilee Capital Corp.)
(An Exploration Stage Company)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED NOVEMBER 30,

	2016	2015 (Restated – Note 4)
GENERAL EXPENSES		
Advertising, marketing and promotion (Note 6)	$ 261,472	$ -
Consulting, director, and management fees (Note 13)	311,510	60,000
Exploration and evaluation expenditures – Property specific (Note 8)	889,223	603,302
Exploration and evaluation expenditures -General	167,002	41,179
Investor relations	90,000	-
Office and miscellaneous	99,706	31,206
Professional fees (Note 13)	210,393	99,862
Rent	43,908	28,936
Share-based payments (Note 10 and 13)	421,429	68,510
Transfer agent and filing fees	31,572	18,537
Travel expenses	187,956	59,545
Loss before other items	(2,714,171)	(1,011,077)
OTHER ITEMS		
Loss on debt settlement (Note 10 and 13)	(7,166)	(5,281)
Other income (Note 15)	93,720	-
Recovery of benefits expense	-	5,659
Write-off of loan receivable (Note 7)	(26,861)	-
Total other items	56,693	378
Loss and comprehensive loss for the year	$ (2,654,478)	$ (1,010,699)
Basic and diluted loss per common share	$ (0.06)	$ (0.03)
Weighted average number of outstanding common shares	47,655,425	29,609,576

The accompanying notes are an integral part of these financial statements.

OK2 MINERALS LTD. (formerly Gold Jubilee Capital Corp.)
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE YEAR ENDED NOVEMBER 30,

	2016	2015 (Restated – Note 4)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year	$ (2,654,478)	$ (1,010,699)
Items not involving cash:		
Loss on debt settlement	7,166	5,281
Share-based payments	421,429	68,510
Other income	(93,720)	-
Write-off of loan receivable	26,914	-
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(180,142)	4,483
Increase (decrease) in prepaid expenses	(47,056)	14,725
Increase (decrease) in accounts payable and accrued liabilities	(32,058)	342,628
Net cash used in operating activities	(2,551,945)	(575,072)
CASH FLOW FROM INVESTING ACTIVITIES		
Reclamation bonds	(4,500)	(9,500)
Net cash used in investing activities	(4,500)	(9,500)
CASH FLOW FROM FINANCING ACTIVITIES		
Private placements	2,059,800	550,000
Flow-through private placements	1,200,670	-
Share issuance costs	(95,500)	(10,305)
Net cash provided by financing activities	3,164,970	539,695
Change in cash during the year	608,525	(44,877)
Cash, beginning of year	25,309	70,186
Cash, end of year	$ 633,834	$ 25,309
Interest received	$ -	$ -
Interest paid	$ -	$ -

Supplemental disclosure with respect to cash flows (Note 14)

The accompanying notes are an integral part of these financial statements.

OK2 MINERALS LTD. (formerly Gold Jubilee Capital Corp.)
(An Exploration Stage Company)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Common Shares	Share Capital	Reserves	Deficit (Restated – Note 4)	Total Shareholders' Equity (Restated – Note 4)
Balance November 30, 2014	27,350,000	$ 1,762,876	$ 93,221	$ (1,745,223)	$ 110,874
Private placement	5,500,000	550,000	-	-	550,000
Share issuance costs	-	(10,305)	-	-	(10,305)
Shares for debt settlement	264,075	58,096	-	-	58,096
Share-based payments	-	-	68,510	-	68,510
Loss and comprehensive loss for the year	-	-	-	(1,010,699)	(1,010,699)
Balance, November 30, 2015	33,114,075	$ 2,360,667	$ 161,731	$ (2,755,922)	$ (233,524)
Balance, November 30, 2015	33,114,075	$ 2,360,667	$ 161,731	$ (2,755,922)	$ (233,524)
Private placements	18,332,000	2,099,800	-	-	2,099,800
Share issuance costs	-	(75,400)	-	-	(75,400)
Warrants granted	-	(53,738)	53,738	-	-
Flow-through private placement	7,062,766	1,059,415	-	-	1,059,415
Share issuance costs	-	(20,100)	-	-	(20,100)
Shares for debt settlement	525,000	81,375	-	-	81,375
Share-based payments	-	-	421,429	-	421,429
Loss and comprehensive loss for the year	-	-	-	(2,654,478)	(2,648,478)
Balance, November 30, 2016	59,033,841	$ 5,452,019	$ 636,898	$ (5,410,400)	$ 678,517

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

OK2 Minerals Ltd. (the “Company”) is incorporated under the laws of the province of British Columbia, Canada on July 19, 2007 and its common shares are listed on the TSX Venture Exchange (the “Exchange”). On September 13, 2016, the Company changed its name from Gold Jubilee Capital Corp. to OK2 Minerals Ltd. and commenced trading on the TSX-V under “OK” trading symbol on September 15, 2016. On November 15, 2016, the Company began trading on the FRA in Frankfurt under the symbol 1KO. The Company’s principal business activities include the acquisition and exploration of resource properties in Canada.

The head office of the Company is located at Suite 480 - 505 Burrard Street, Vancouver, BC, Canada, V7X 1M3. The registered address and records office of the Company is located at Suite 1780 - 400 Burrard Street, Vancouver, BC, Canada, V6C 3A6.

Going concern of operations

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term.

As at November 30, 2016, the Company had an accumulated deficit of $5,410,400 and has incurred losses since inception. These material uncertainties may raise substantial doubt about the Company’s ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company’s commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

		November 30, 2016		November 30, 2015
Deficit	$	(5,410,400)	$	(2,755,922)
Working capital (deficiency)		661,017		(273,438)

2. BASIS OF PREPARATION

Statement of compliance

These financial statements, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars, which is the functionally currency of the Company, unless otherwise specified. All amounts are rounded to the nearest dollar.

2. BASIS OF PREPARATION (cont'd...)

Change in accounting policy

During the year ended November 30, 2016, the Company retrospectively changed its accounting policy for exploration and evaluation assets. See Note 4.

Significant accounting judgments and critical accounting estimates

The preparation of these financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements.

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

i) Determination of categories of financial assets and financial liabilities which has been identified as an accounting policy which involves assessments made by management;

ii) Determination and assessment of the Company's ability to continue going concern (Note 1); and

iii) Recoverability of the carrying value of the Company's exploration and evaluation assets.

iv) Determining whether qualified expenditures have been incurred for flow-through shares.

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Deferred income taxes - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

ii) Share-based payment – The fair value of share-based payment is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

3. SIGNIFICANT ACCOUNTING POLICIES

Resource properties – exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition cost of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pretax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

As at November 30, 2016 and 2015, the Company has determined that it does not have any decommissioning obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has classified its cash and receivables (excluding GST receivables) as *loans and receivables.*

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above. The Company's short-term investments are classified as *available- for-sale.*

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Other financial liabilities: This category includes all other liabilities, all of which are recognized at amortized cost. The Company's accounts payable and accrued liabilities are classified as *other financial liabilities.*

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.
In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Share capital

From time to time, the Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date of the agreement to issue shares as determined by the Board of Directors.

Loss per share

The Company recognizes the dilutive effect on loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

Share issuance costs

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital will be charged against the related share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable, with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; initial recognition of assets or liabilities that effect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax assets is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probably that a deferred tax asset will be recovered, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

New accounting pronouncements

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

<u>New and amended standards adopted by the Company</u>

There are no IFRS or IFRIC interpretations that are effective December 1, 2015 that are expected to have material impact on the Company.

<u>New or revised standards and amendments to existing standards not yet effective</u>

The Company has not applied the following new, revised and amended standards that have been issued but are not yet effective for the November 30, 2016 reporting period:

a) New standard IFRS 9, Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2018.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New accounting pronouncements (cont'd...)

b) New standard IFRS 16, Leases, specifies how an issuer will recognize, measure, present and disclose leases; effective for annual periods beginning on or after January 1, 2019.

The Company is currently assessing the impact that these standards will have on the Company's financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting period. The amendments and new standards are expected to have minimal impact on the Company's financial statements.

4. CHANGE IN ACCOUNTING POLICY

During the year ended November 30, 2016, the Company retroactively changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received.

Under the new policy, exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development are charged to operations as incurred. As required by IAS8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Company included the restated statement of financial position as of November 30, 2015 and December 1, 2014.

Management considers this accounting policy to provide more reliable and relevant information and more clearly represents the Company's activities.

The financial statement impact as at December 1, 2014 is as follows:

	As previously reported	Adjustment	Restated
Exploration and evaluation assets	$ 739,590	$ (739,590)	$ -
Total assets	884,430	(739,590)	144,840
Deficit	1,005,633	739,590	1,745,223
Total shareholder's equity	850,464	(739,590)	110,874
Total liabilities and shareholder's equity	$ 884,430	$ (739,590)	$ 144,840

(Expressed in Canadian dollars)

4. CHANGE IN ACCOUNTING POLICY (cont'd...)

The financial statement impact as at November 30, 2015 is as follows:

	As previously reported	Adjustment	Restated
Exploration and evaluation assets	$ 1,342,892	$ (1,342,892)	$ -
Total assets	1,433,147	(1,342,892)	90,255
Deficit	1,413,030	1,342,892	2,755,922
Total shareholder's equity	1,109,368	(1,342,892)	(233,524)
Total liabilities and shareholder's equity	1,433,147	(1,342,892)	90,255
Exploration and evaluation expenditures – property specific	-	603,302	603,302
Loss before other items	(407,775)	(603,302)	(1,011,077)
Loss and comprehensive loss for the year	(407,397)	(603,302)	(1,010,699)
Basic and diluted loss per common share	(0.01)	(0.02)	(0.03)
Net cash used in operating activities	(230,382)	(344,690)	(575,072)
Net cash used in operating activities	(354,190)	344,690	(9,500)

Exploration and evaluation costs that were capitalized have now been expensed in the statement of loss and comprehensive loss in accordance with the change in accounting policy. Exploration and evaluation costs that were recorded as an investing activity in the statement of cash flows are now recorded as cash flows used in operating activities.

5. RECEIVABLES

The Company's receivables are as follows:

	November 30, 2016	November 30, 2015
GST receivable	$ 64,565	$ 16,126
BC METC credit receivable	131,703	-
	$ 196,268	$ 16,126

6. PREPAID EXPENSES, DEPOSITS AND ADVANCES

The Company's prepaid expenses, deposits and advances are as follows:

	November 30, 2016	November 30, 2015
Prepaid expenses – marketing	$ 50,252	$ -
Prepaid expenses - insurance	-	3,196
Security deposit	5,710	5,710
	$ 55,962	$ 8,906

(Expressed in Canadian dollars)

7. LOAN RECEIVABLE

During the year ended November 30, 2015, the Company advanced USD$20,000 (CAD$26,914) to an arms-length company in relation to negotiations for an interest in a mineral property in Serbia. The loan is unsecured, non-interest bearing and repayable on demand.

As at November 30, 2016, the loan was revalued to $26,861 based on the CAD to USD exchange rate of $1.34303.

During the year ended November 30, 2016, the loan was written off as the management was uncertain about the collectability of the amount.

8. RESOURCE PROPERTIES

	Pyramid Property	Kinskuch Property	VMS and Golden Mickey Properties	Total
Exploration and evaluation costs during the year ended November 30, 2015				
Assaying and surveying	$ 23,120	$ -	$ -	$ 23,120
Aircraft rentals	148,962	-	-	148,962
Camp cost	32,283	-	-	32,283
Geophysics	92,457	-	-	92,457
Geological and consulting	351,647	-	-	351,647
Mineral exploration tax credit	(45,167)	-	-	(45,167)
	$ 603,302	$ -	$ -	$ 603,302
Exploration and evaluation costs during the year ended November 30, 2016				
Acquisition costs - cash	$ -	$ 63,868	$ 50,000	$ 113,868
Aircraft rentals	232,249	-	-	232,249
Camp costs	55,000	-	-	55,000
Drilling	142,708	-	-	142,708
Geological and consulting	477,101	-	-	477,101
Mineral exploration tax credit	(131,703)	-	-	(131,703)
	$ 775,355	$ 63,868	$ 50,000	$ 889,223

Pyramid Copper, Canada

On May 22, 2013, the Company entered into an agreement to purchase 100% interest in mineral claims collectively known as the Pyramid Copper Property, located in northern British Columbia, Canada. Per the terms of the agreement, the Company paid $12,900 and issued 500,000 common shares, valued at $25,000, to the vendor.

At November 30, 2016, the Company had a reclamation bond with the B.C. Ministry of Energy and Mines for the Pyramid Copper Property in the amount of $17,500 (2015 - $13,000).

8. RESOURCE PROPERTIES (cont'd…)

Kinskuch Project, Canada

On August 18, 2016, the Company entered into an options agreement to earn a 100% interest in claims known as the Kinskuch Project, located in Northern British Columbia. To earn a 100% interest, the Company must make the following payments:

i) pay $50,000 on the closing date (paid);
ii) pay $75,000 and incur $100,000 of exploration expenditures on or before August 18, 2017;
ii) pay $100,000 and incur $250,000 of exploration expenditures on or before August 18, 2018;
ii) pay $150,000 and incur $500,000 of exploration expenditures on or before August 18, 2019;
ii) pay $250,000 and incur $750,000 of exploration expenditures on or before August 18, 2020; and
ii) pay $1,000,000 on or before August 18, 2021.

The Kinskuch property is subject to a 2% NSR of which 1% can be repurchased for $1,100,000 and advanced royalty payments commencing after the Company has earned its 100% interest.

In addition, during the year ended November 30, 2016, the Company staked claims on the Kinskuch Project in the amount of $13,868.

VMS and Golden Mickey Properties, Canada

On October 26, 2016, the Company entered into an option agreement to earn a 100% interest in claims known as the VMS and Golden Mickey properties. The claims are Cu-Au porphyry prospects located in Northern British Columbia. To earn a 100% interest, the Company must make the following payments:

i) pay $50,000 on the closing date (paid);
ii) pay $75,000 and incur $100,000 of exploration expenditures on or before October 26, 2017;
ii) pay $100,000 and incur $250,000 of exploration expenditures on or before October 26, 2018;
ii) pay $150,000 and incur $500,000 of exploration expenditures on or before October 26, 2019;
ii) pay $250,000 and incur $750,000 of exploration expenditures on or before October 26, 2020; and
ii) pay $1,000,000 on or before October 26, 2021.

The VMS and Golden Mickey properties are subject to a 2% NSR of which 1% can be repurchased for $1,000,000 and advanced royalty payments commencing after the Company has earned its 100% interest.

Deposit written off

On June 19, 2015, the Company announced that it was negotiating a letter of intent agreement to earn up to a 100% interest in a gold/copper exploration property located in the Republic of Serbia. The Company provided a non-refundable deposit that would provide exclusivity between the parties for further negotiations to a definitive agreement that would detail ongoing option payments and exploration expenditures. The Company has decided not to proceed with the option agreement and has written off the deposit of $78,330.

(Expressed in Canadian dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are as follows:

	November 30, 2016	November 30, 2015
Trade payables	$ 111,934	$ 262,406
Accrued liabilities	16,169	10,169
Due to related parties (Note 13)	49,409	51,204
	$ 177,512	$ 323,779

10. SHARE CAPITAL AND RESERVES

Authorized

Unlimited number of common shares without par value.

Issued

- In July 2016, the Company completed a non-brokered private placement of 5,332,000 units at a price of $0.15 per unit for gross proceeds of $799,800. Each unit is to consist of one common share and one-half of one non-transferable share purchase warrant where one whole share purchase warrant may be exercised at the price of $0.20 per common share during a two-year term. The share purchase warrants were assigned a value of $Nil using the residual value method. In relation to the financing, an aggregate of $31,203 cash and 294,339 share purchase warrants valued at $27,728 were paid to various finders, and the Company paid an additional $4,097 in other share issuance costs. As part of the private placement, the Company completed a debt settlement with a related party where the Company issued 266,667 shares at a deemed price of $0.15 to settle outstanding debt totaling $38,084. As a result, the Company recognized a loss on settlement of $1,916.

- In July 2016, the Company issued 7,062,766 flow-through shares at a price of $0.17 for gross proceeds of $1,200,670. The flow-through common shares were valued at $0.15 for a total value of $1,059,415 and the residual value of $141,255 (Note 15) was allocated to deferred premium on flow-through shares. In relation to the financing, a total of $14,674 and 294,339 warrants were paid to various finders, and the Company paid and additional $5,426 in other share issuance costs.

  In March 2016, the Company completed a private placement of 13,000,000 units at $0.10 per unit for gross proceeds of $1,300,000. Each unit consists of one common share and one half of one non-transferable share purchase warrant where it may be exercised at a price of $0.20 during a two-year term. The share purchase warrants were assigned a value of $Nil using the residual value method. In relation to the financing, an aggregate of $32,100 cash and 327,000 share purchase warrants valued at $26,497 were paid to various finders, and the Company paid an additional $8,000 in other share issuance costs.

- In March 2016, the Company completed a shares for debt settlement with a related party whereby the Company issued 525,000 shares at a fair value of $81,375 to settle outstanding debts of $76,125. As a result, the Company recognized a loss on settlement of $5,250.

- In July 2015, the Company completed a non-brokered private placement of 5,500,000 common shares at $0.10 per share. In relation to the private placement, the Company paid $10,305 in share issuance cost.

- In July 2015, the Company closed a shares for debt settlement by issuing 264,075 shares at market value of $0.22 to pay an outstanding debt of $52,815. The Company recognized a loss on debt settlement of $5,281.

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options (cont'd…)

Stock options

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the board of directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally for a term of up to five years from the date granted and are exercisable at a price that is not less than the market price on the date granted.

Vesting terms are determined at the discretion of the board of directors. Options issued to consultants providing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

During the year ended November 30, 2016, the Company:

- granted a total of 325,000 stock options to consultants with exercise price of $0.18 for a period of 3 years and vest in equal quarterly instalments over 12 months period, recognizing a share-based payment of $19,471;

- granted 1,925,000 stock options to management, directors, and certain consultants of the Company with exercise price of $0.18 for a period of five years, recognizing a share-based payment of $240,170;

- granted 400,000 stock options to the new President of the Company with exercise price of $0.23 for a five-year term, recognizing a share-based payment of $77,103; and

- granted 500,000 stock options to a company for IR services with exercise price of $0.23 for a three-year term and vest 25% three months from date of agreement and 25% every three months thereafter. The Company recognized a share-based payment of $84,956.

Stock option transactions for the year ended November 30, 2016:

Expiry Date	Exercise Price	November 30, 2015	Granted	Exercised	Expired / Cancelled	November 30, 2016	Exercisable
September 17, 2018	$ 0.10	1,800,000	-	-	-	1,800,000	1,800,000
November 1, 2018	0.10	250,000	-	-	-	250,000	250,000
April 13, 2019	0.23	-	500,000	-	-	500,000	250,000
August 26, 2019	0.18	-	225,000	-	-	225,000	56,250
August 26, 2019	0.18	-	100,000	-	-	100,000	25,000
June 29, 2020	0.12	685,000	-	-	-	685,000	685,000
May 3, 2021	0.23	-	400,000	-	-	400,000	400,000
August 26, 2021	0.18	-	1,925,000	-	-	1,925,000	1,925,000
Total		2,735,000	3,150,000	-	-	5,885,000	5,391,250
Weighted average exercise price		$ 0.11	$ 0.19	-	-	$ 0.15	$ 0.15
Weighted average remaining contractual life						3.25 years	

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (cont'd…)

Stock option transactions for the year ended November, 2015:

	Exercise Price	November 30, 2014	Granted	Exercised	Expired / Cancelled	November 30, 2015	Exercisable
September 17, 2018	$ 0.10	1,800,000	-	-	-	1,800,000	1,800,000
November 1, 2018	0.10	250,000	-	-	-	250,000	250,000
June 29, 2020	0.12	-	685,000	-	-	685,000	685,000
Total		2,050,000	685,000	-	-	2,735,000	2,735,000
Weighted average exercise price		$ 0.10	$ 0.12	-	-	$ 0.11	$ 0.11
Weighted average remaining contractual life						3.26 years	

Share-based payments

During the year ended November 30, 2016, the Company granted 3,150,000 (2015 – 685,000) stock option with an estimated weighted average fair value of $0.19 (2015 - $0.12) calculated using the Black-Scholes options pricing model. The fair value of stock options vested during the year and recognized as share-based payment expense was $421,429 (2015 - $68,510). These amounts were also recorded as reserves on the statements of financial position.

Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in underlying assumptions can materially affect the fair value estimates. The following weighted average assumptions were used for the Black-Scholes valuation of options granted during the year:

	November 30, 2016	November 30, 2015
Risk-free interest rate	0.62%	0.90%
Expected life of options	4.36 years	5.00 years
Annualized volatility	133.94%	122.46%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

Finders' warrants

The following weighted average assumptions were used for the Black-Scholes valuation of warrants issued as finders' fees during the year:

	November 30, 2016	November 30, 2015
Risk-free interest rate	0.55%	-
Expected life of options	2 years	-
Annualized volatility	152.69%	-
Dividend rate	0.00%	-
Forfeiture rate	0.00%	-

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (cont'd…)

Warrants transactions are summarized as follows:

	Exercise Price	November 30, 2015	Granted	Exercised	Expired / Cancelled	November 30, 2016	Exercisable
March 2, 2018	$ 0.20	-	6,500,000	-	-	6,500,000	6,500,000
March 2, 2018	0.20	-	327,000	-	-	327,000	327,000
July 21, 2018	0.20	-	2,666,000	-	-	2,666,000	2,666,000
July 21, 2018	0.20	-	294,339	-	-	294,339	294,339
Total		-	9,787,339	-	-	9,787,339	9,787,339
Weighted average exercise price		-	$ 0.20	-	-	$ 0.20	$ 0.20
Weighted average remaining contractual life						1.37 years	

11. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the year.

12. SEGMENTED INFORMATION

The Company operates in one segment – the acquisition, exploration and development of resource properties. As at November 30, 2016 and 2015, all of the Company's operations and assets were held in Canada.

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS

During the year ended November 30, 2016, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include certain directors and officers.

Transactions with related parties and key management personnel are as follows:

Paid or accrued to	Nature of transactions	Year Ended November 30, 2016	Year Ended November 30, 2015
Key management personnel:			
A company controlled by a Director	Director fees	$ 3,885	$ -
A company controlled by a family member of the Corporate Secretary	Consulting	39,000	30,000
A company controlled by the CEO	Consulting	129,169	30,000
A company controlled by a Director	Geological consulting	90,000	30,000
A company controlled by the President	Management	116,669	-
The President	Share-based payment	93,322	-
Management and directors of the Company	Share-based payment	180,284	68,510
Management and directors of the Company	Office & misc.	-	3,832
Total		$ 652,329	$ 162,342
Related parties:			
A firm of which a Director is the partner	Professional	$ 96,400	$ 84,450
A family member of a Director	Geological consulting	85,490	42,990
A family member of a Director	Share-based payment	13,728	-
Total		$ 195,618	$ 127,440

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	November 30, 2016	November 30, 2015
Due to a firm of which the Director is a partner	$ 36,420	$ 43,140
Due to a company controlled by the CEO	2,857	2,732
Due to a company controlled by the Corporate Secretary	-	2,625
Due to a family member of a Director	6,053	922
Due to a company controlled by a Director	-	1,785
Due to a company controlled by a Director	4,079	-
Total	$ 49,409	$ 51,204

During the year ended November 30, 2016, the Company completed a shares for debt settlement with a related party whereby the Company issued 525,000 shares at a fair value of $81,375 to settle outstanding debts of $76,125. As a result, the Company recognized a loss on settlement of $5,250.

During the year ended November 30, 2016, the Company issued 266,667 shares to a related party as part of a private placement at $0.15 per unit to settle outstanding debt totaling $38,084. As a result, the Company recognized a loss on settlement of $1,916.

(Expressed in Canadian dollars)

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Year ended November 30, 2016

The Company issued 525,000 common shares at a deemed price of $0.145 per share for an aggregate value of $81,375 in settlement of debt totaling $76,125. The hold period expiry date on the shares is July 15, 2016.

As part of a private placement the Company issued 266,667 shares at $0.15 per unit for an aggregate of $40,000 to settle outstanding debt totaling $38,084.

The Company granted 621,339 finders warrants in connection with private placements with an aggregate deemed fair value of $53,738.

The company recorded a liability of $141,255 as a deferred premium on flow-through shares issued.

Year ended November 30, 2015

During the year ended November 30, 2015, the Company issued 264,075 common shares at a deemed price of $0.20 per share for an aggregate value of $52,815 in settlement of the Company's debt. The hold period expiry date on these shares is set at November 30, 2015.

15. COMMITMENTS

Flow-through private placements

In connection with the issuance of flow-through common shares in July 2016, the Company has a commitment to incur $1,200,670 of qualifying flow-through expenditures.

The flow-through shares were issued at premium to the non-flow-through shares which is a reflection of the value of the income tax write-offs that the Company will pass on to the flow-through shareholders. The premium was determined to be $141,255 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded which is being reversed as the required exploration expenditures are completed.

The following is a continuity schedule of the deferred premium on flow-through shares issuance:

Balance at November 30, 2015	$	-
Initial recognition of deferred premium on flow-through shares		141,255
Settlement of flow-through share liability on incurring expenditures		(93,720)
Balance at November 30, 2016	$	47,535

Leased Premises

The Company is committed to the following minimum payments (before applicable taxes) for the leased premises located at suite 480 – 505 Burrard Street, over the next eight months. The lease on the premise commenced on August 1, 2016 and was renewed for an additional year subsequent to year-end. The terms of the lease are as follows:

Year	Premises
2017	$51,000

(Expressed in Canadian dollars)

16. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

		November 30, 2016		November 30, 2015
Loss before taxes for the year	$	(2,654,478)	$	(1,010,699)
Canadian federal and provincial income tax rates		26.00%		26.00%
Expected income tax recovery based on the above rates	$	(690,164)	$	(262,782)
Effect of change in tax rates		-		-
Non-deductible items		59,836		3,940
Tax benefit not recognized		630,328		258,842
Total income taxes	$	-	$	-

The significant components of the Company's unrecognized deferred income tax assets and liabilities, using a Canadian basic statutory rate of 26% are as follows:

		November 30, 2016		November 30, 2015
Non-capital losses	$	659,000	$	314,000
Cumulative exploration and development expenses		358,000		320,000
Share issuance costs		22,000		3,000
	$	1,039,000	$	637,000

At November 30, 2016, the Company has accumulated non-capital losses of approximately $2,529,365 (2015 - $1,207,069) which may be available to offset future income for income tax purposes. The non-capital losses expire as follows:

2017	$	6,311
2028		22,595
2029		89,573
2030		48,271
2031		52,246
2032		127,339
2033		157,641
2034		357,346
2035		345,747
2036		1,322,296
	$	**2,529,365**

At November 30, 2016 and 2015, the Company had deductible temporary differences for which deferred tax assets have not been recognized because it is not probable that the related tax benefit will be realized.

17. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments

The Company has various financial instruments including cash, receivables and accounts payable and accrued liabilities. The carrying values of cash, receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because a portion of receivables are comprised of goods and services tax (GST) and other government refunds, which is recoverable from the governing body in Canada. Management does not believe the receivables are impaired.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2016, the Company had a cash balance of $633,834 (2015 – $25,309) to settle current liabilities of $225,047 (2015 – $323,779). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited as its interest bearing financial instrument is redeemable at any time.

Price risk

Mineral prices, in particular gold and silver, are volatile, and have fluctuated sharply in recent periods. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

Foreign currency risk

As at November 30, 2016 and 2015, the Company did not have any accounts in foreign currencies and considered foreign currency risk insignificant.

18. SUBSEQUENT EVENT

Subsequent to the year ended November 30, 2016, the Company completed a private placement of 14,730,000 units at a price of $0.125 per unit for gross proceeds of $1,841,250. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant may be exercised to purchase one common share at a price of $0.20 for a period of two years.